

LAUREL E. DAVIS, ESQ., Nevada Bar No. 3005
 LIONEL SAWYER & COLLINS
 1700 Bank of America Plaza
 300 South Fourth Street
 Las Vegas, NV 89101
 Telephone: (702) 383-8888
 Facsimile: (702) 383-8845
 Email: Ldavis@lionelsawyer.com

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Attorneys for the Canepa Group

UNITED STATE BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:) Case No. BK-S-06-10725-LBR
) Case No. BK-S-06-10726-LBR
 USA COMMERCIAL MORTGAGE COMPANY,) Case No. BK-S-06-10727-LBR
) Case No. BK-S-06-10728-LBR
 Debtor.) Case No. BK-S-06-10729-LBR

In re:) Chapter 11
 USA CAPITAL REALTY ADVISORS, LLC,)

Debtor.) **Jointly Administered Under**
) **Case No. BK-S-06-10725-LBR**

In re:)
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,)
 Debtor.)

In re:) **OPPOSITION TO MOTION**
 USA CAPITAL FIRST TRUST DEED FUND, LLC,) **FOR ORDER AUTHORIZING**
 Debtor.) **REIMBURSEMENT OF DUE**
) **DILIGENCE EXPENSES OF**
) **POTENTIAL POST-PETITION**
 In re:) **LENDER (AFFECTS ALL DEBTORS)**
 USA SECURITIES, LLC,)

Debtor.)
 Affects:)
 [x] All Debtors)
 [] USA Commercial Mortgage Company)
 [] USA Securities, LLC)
 [] USA Capital Realty Advisors, LLC)
 [] USA Capital Diversified Trust Deed Fund, LLC)
 [] USA First Trust Deed Fund, LLC)

Date: June 5, 2006
 Time: 9:30 a.m.

OPPOSITION TO APPLICATION FOR ORDER AUTHORIZING THE EMPLOYMENT
OF HILCO REAL ESTATE, LLC/HILCO REAL ESTATE APPRAISAL, LLC AS
DEBTOR'S REAL ESTATE APPRAISER

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2 The Canepa Group consists of seven Direct Lenders¹ whose original investments in 13
3 different loans² exceed \$3.1 million. They oppose³ the Application for an Order Authorizing the
4 Employment of Hilco Real Estate, LLC/Hilco Real Estate Appraisal, LLC as Debtor's Real Estate
5 Appraiser ("Motion") as expensive and unnecessary at this time.

6 **POINTS AND AUTHORITIES**

7 **A. SUMMARY OF RELEVANT FACTS AND PROCEDURE**

8 1. On April 13, 2006 (the "Petition Date"), the five related Debtors filed their petitions
9 for chapter 11 relief.

10 2. On April 18, 2006, the Court approved employment of Meisrow Financial as Interim
11 Management ("Meisrow") and Thomas Allison as Chief Restructuring Manager ("Allison") for all
12 five Debtors on an interim basis until July 27, 2006.

13 3. On May 3, 2006, the Court granted the Debtors' motions for additional time to file
14 statements and schedules in all cases, extending the filing deadline until June 16, 2006.

15 4. On May 10, 2006, the Office of the U.S. Trustee appointed four creditors'
16 committees: Unsecured Creditors for USA Commercial Mortgage Company, Holders of Executory
17 Contract Rights Through USA Commercial Mortgage Company, Equity Security Holders of USA
18 Capital Diversified Trust Deed Fund and Equity Security Holders of USA Capital First Trust Deed
19 Fund.

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21 ¹ Scott K. Canepa; Shawntelle Davis-Canepa; Scott K. Canepa Defined Benefit Pension
22 Plan; Evelyn G. Canepa Trust, Evelyn G. Canepa and Scott Krusee Canepa Trustees; Gary T. and
23 Lori R. Canepa, Trustees of the G. & L. Trust dated 11/25/91; Louis John Canepa Trustee of the
Louis John Canepa Revocable Trust dated 6/18/98; and Michael Wagnon (collectively "the Canepa
Group")

24 ² 3685 Fernando Road, Boise Gowan, Brookmere, Bundy Canyon, Cabernet, Clear
25 Creek, Fiesta/Murietta, Hasley Canyon, Margarita Annex, Opaque, Placer Vineyards, Rio
26 Bravo/SVRP, and Southern California Land Development.

27 ³ The Canepa Group apologizes to the Court and counsel for the late filing of this
28 opposition; however, their counsel encountered technical and other difficulties in preparing and
filing this document while traveling out of the country, causing an unavoidable delay in filing and
serving this opposition.

1 loan brokered by USA Commercial was supported by an appraisal obtained from the borrower for
2 the express purpose of making the loan. Mr. Allison has previously provided a schedule of
3 performing and non-performing loans, and that schedule identifies 46% of the 115 loans as
4 performing loans. *See* May 2, 2006, Declaration of Thomas Allison and Exhibit A to the declaration.
5 There is even less justification for appraisals on appraise performing loans.

6 **C. CONCLUSION**

7 The Motion should be denied in its entirety.

8 Dated: May 24, 2006.

9 Respectfully submitted,

10 LIONEL SAWYER & COLLINS

11 /s/ Laurel E. Davis

12 By _____
13 Laurel E. Davis

14 Attorneys for the Canepa Group
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